

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 218

Introduced by Assembly Member Dutra

(Coauthors: Assembly Members Bates, Calderon, Chan, Diaz, Havice, Negrete McLeod, Robert Pacheco, Rod Pacheco, Salinas, Simitian, Steinberg, and Washington)

(Coauthors: Senators Alarcon, Costa, Figueroa, McPherson, and Murray)

February 9, 2001

An act to amend Section 218 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 218, as amended, Dutra. Taxation: homeowners' property tax exemption: homebuyer's assistance.

Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' exemption in the amount of \$7,000 of the full value of a "dwelling," as defined. The California Constitution authorizes the Legislature to increase the amount of the exemption.

This bill would, pursuant to the Legislature's authority under the California Constitution, increase the amount of this exemption by \$43,000 for each of the first 5 property tax lien dates following the purchase of a "dwelling" by a qualified first-time homebuyer, as defined. By requiring local tax officials to implement new exemption amounts and new exemption criteria, this bill would impose a state-mandated local program.

The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.

This bill would state the intent of the Legislature to make this required reimbursement in the annual Budget Act.

This bill would also require the State Board of Equalization and the California Research Bureau to report to the Legislature, as provided, with respect to the increased homeowners' exemption established by this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 218 of the Revenue and Taxation Code
2 is amended to read:
3 218. (a) (1) The homeowners' property tax exemption is in
4 the amount of the assessed value of the dwelling specified in this
5 section, as authorized by subdivision (k) of Section 3 of Article
6 XIII of the California Constitution. That exemption is, except as
7 otherwise provided in paragraph (2), in the amount of seven
8 thousand dollars (\$7,000) of the full value of the dwelling.
9 (2) If the assessee for a dwelling is a qualified first-time
10 homebuyer, the exemption amount specified in paragraph (1) is
11 increased by an additional forty-three thousand dollars (\$43,000)
12 of the full value of that dwelling for each of the first five property
13 tax lien dates following the purchase of the dwelling by that



1 qualified first-time homebuyer. For purposes of this paragraph,
2 “qualified first-time homebuyer” means a taxpayer who
3 purchases a dwelling after January 1, 2001, and before December
4 31, 2006, who, at the time of his or her purchase of the dwelling,
5 met both of the following requirements:

6 (A) The taxpayer had an annual income not in excess of 150
7 percent of the median income of the county in which the dwelling
8 is located. A taxpayer shall comply with this subparagraph by
9 providing the county assessor with a copy of the taxpayer’s
10 personal income tax return, for the taxable year during which the
11 taxpayer purchased the dwelling, that shows an annual income
12 level in compliance with this subparagraph.

13 (B) During the three years prior to the purchase of the dwelling
14 for which an exemption under this paragraph is sought, the person
15 at no time had a present ownership interest in residential real
16 property.

17 (b) The exemption does not extend to property that is rented,
18 vacant, under construction on the lien date, or that is a vacation or
19 secondary home of the owner or owners, nor does it apply to
20 property on which an owner receives the veteran’s exemption.
21 “Owner” includes a person purchasing the dwelling under a
22 contract of sale or who holds shares or membership in a
23 cooperative housing corporation, the holding of which is a
24 requisite to the exclusive right of occupancy of a dwelling.
25 “Dwelling” means a building, structure or other shelter
26 constituting a place of abode, whether real property or personal
27 property, and any land on which it may be situated. As used in this
28 section, “dwelling” includes:

29 (1) A single-family dwelling occupied by an owner thereof as
30 his or her principal place of residence on the lien date.

31 (2) A multiple-dwelling unit occupied by an owner thereof on
32 the lien date as his or her principal place of residence.

33 (3) A condominium occupied by an owner thereof as his or her
34 principal place of residence on the lien date.

35 (4) Premises occupied by the owner of shares or a membership
36 interest in a cooperative housing corporation, as defined in
37 subdivision (i) of Section 61, as his or her principal place of
38 residence on the lien date. Each exemption allowed pursuant to this
39 subdivision shall be deducted from the total assessed valuation of
40 the cooperative housing corporation. The exemption shall be taken

1 into account in apportioning property taxes among owners of share
2 or membership interests in the cooperative housing corporations
3 so as to benefit those owners who qualify for the exemption.

4 For purposes of this section a two-dwelling unit shall be
5 considered as two separate single-family dwellings.

6 (c) Any dwelling that qualified for an exemption under this
7 section prior to October 20, 1991, that was damaged or destroyed
8 by fire in a disaster, as declared by the Governor, occurring on or
9 after October 20, 1991, and before November 1, 1991, and that has
10 not changed ownership since October 20, 1991, is not disqualified
11 as a “dwelling” and is not ineligible for an exemption under this
12 section solely on the basis that the dwelling was temporarily
13 damaged or destroyed or was being reconstructed by the owner.

14 (d) The exemption provided for in subdivision (k) of Section
15 3 of Article XIII of the California Constitution shall first be
16 applied to the building, structure or other shelter and the excess,
17 if any, shall be applied to any land on which it may be located.

18 SEC. 2. It is the intent of the Legislature to provide in the
19 annual Budget Act those additional reimbursements to local
20 governments that, as a result of this act, are required by Section 25
21 of Article XIII of the California Constitution.

22 SEC. 3. (a) For each fiscal year for which an increased
23 homeowners’ exemption may be claimed under paragraph (2) of
24 subdivision (a) of Section 218 of the Revenue and Taxation Code,
25 as added by this act, or any successor to that paragraph, the State
26 Board of Equalization shall provide to the revenue and taxation
27 committees and fiscal committees of each house of the Legislature
28 both of the following:

29 (1) The number of exemptions claimed for that fiscal year
30 under paragraph (2) of subdivision (a) of Section 218 of the
31 Revenue and Taxation Code, as added by this act, or any successor
32 to that paragraph.

33 (2) The additional amount of subventions made for that fiscal
34 year under Section 25 of Article XIII of the California Constitution
35 as a result of the exemptions described in paragraph (1).

36 (b) The California Research Bureau shall, no later than ~~January~~
37 ~~1, 2001~~ *June 30, 2003*, provide to the revenue and taxation
38 committees and fiscal committees of each house of the Legislature
39 a report describing the effects of the additional homeowners’

1 exemption amount established by this act upon state fiscal affairs
2 and the degree of home ownership in this state.

3 SEC. 4. Notwithstanding Section 17610 of the Government
4 Code, if the Commission on State Mandates determines that this
5 act contains costs mandated by the state, reimbursement to local
6 agencies and school districts for those costs shall be made pursuant
7 to Part 7 (commencing with Section 17500) of Division 4 of Title
8 2 of the Government Code. If the statewide cost of the claim for
9 reimbursement does not exceed one million dollars (\$1,000,000),
10 reimbursement shall be made from the State Mandates Claims
11 Fund.

12 SEC. 5. This act provides for a tax levy within the meaning of
13 Article IV of the Constitution and shall go into immediate effect.

14 _____
15 CORRECTIONS

16 **Heading — Line 3.**
17 _____
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